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# **SECURITY ASSISTANCE PERSPECTIVES**

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## **Conventional Arms Transfers to the Third World, 1984 - 1991**

By

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[The following represents extracts from an unclassified report of conventional arms transfers as published under the above title by the Library of Congress on 20 July 1992. The selections included herein begin with a discussion of major research findings regarding the dollar value of both arms transfer agreements and arms deliveries to the Third World from 1984 through 1991. These findings are all cross-referenced to comparative data tables which are presented following the textual material. Special attention is given to the roles of the United States, the former Soviet Union, and China as arms suppliers, to arms trade with Iran and Iraq, and to identification of the leading Third World arms recipient nations. The report concludes with a listing of the type and quantity of weapons delivered to the Third World by major arms suppliers in the 1984-1991 time period. Copies of the complete 86 page study (Report No. 92-577 F) are available from the Foreign Affairs and National Defense Division, Congressional Research Service, The Library of Congress, Washington DC 20540.]

### **INTRODUCTION**

The major political transition wrought by the end of the Cold War continued in 1991, accelerating the changes under way in 1990 which have had a significant impact on the Third World arms marketplace. The dramatic political and economic evolution in the Soviet Union contributed to a substantial decline in its arms transfer agreements with the Third World in 1991. The United States, meanwhile, remained the leader in arms sales to the Third World. Reductions in domestic defense spending in many nations became a matter of acute concern to their weapons exporting industries. The United Nations embargo against Iraq has removed it from its previous position as one of the largest Third World arms purchasers, leading to intense competition among former suppliers for new arms deals elsewhere. Finally, in 1991, in the aftermath of the Persian Gulf war, a number of initiatives have been launched to control destabilizing conventional arms transfers, especially to the Near East region.

The collaboration of the United States, the Soviet Union and other nations in opposing the Iraqi invasion of Kuwait led to the denial of new arms transfers to Iraq under the aegis of a United Nations embargo. Subsequently, in early 1991, much of Iraq's military arsenal was destroyed during Operation Desert Storm. These events had the effect of removing Iraq, historically one of the Third World's largest arms purchasers, from the arms marketplace. The loss of Iraq as a weapons purchaser had an especially significant effect on the former Soviet Union, as Iraq for years had been its largest weapons customer, and one that had the ability to pay for its weapons in hard currency or its equivalent.

The Gulf War's effect of marginalizing Iraq as a force in the Third World arms market occurred even as the Soviet Union was entering a significant new phase in its own post-Cold War

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development. The August 1991 aborted coup in the Soviet Union further exacerbated the political and economic problems of that country, and ultimately led to its formal dissolution in late December 1991. The dramatic political and economic transitions taking place in the now former Soviet Union—historically the single largest arms supplier to the Third World—raise yet unanswered questions regarding its future role in the conventional arms market.

On the one hand, the new Russian leadership seems committed to strengthening its domestic non-military industrial base and developing a market economy. On the other hand, Russia faces severe foreign exchange shortages and debt servicing problems. Arms exports have been one of the few vehicles the former Soviet Union has had to obtain hard currency. Russian President Boris Yeltsin on February 22, 1992, told *Izvestia* that arms exports were a “buffer” that could reduce the blow to the Russian defense industry suffering from sharp cutbacks in domestic defense spending.

To maximize its income from weapons sales in the post-Cold War period, the Soviet Union effectively terminated its grant military aid program with most of its arms customers in the Third World. At the same time, it sought more lucrative arms deals with countries such as Iran that can pay in hard currency or its equivalent. This relatively new arms sales approach by the Soviet Union—eliminating deep discounts and grants for weapons purchases by most of its key Cold War era clients—led to substantial reductions in new arms orders by Vietnam, Cuba, Syria, and India in the most recent period.

The United States, meanwhile, has emerged as the principal arms supplier to most regions of the Third World in the last two years, replacing the former Soviet Union. Because of reductions in defense procurement in the United States resulting from the Cold War's end, American arms producers focused greater attention on obtaining additional foreign arms sales contracts to compensate, to the degree possible, for lost domestic orders. United States weapons systems have traditionally been built primarily for the American armed services, with only secondary consideration being given to foreign sales. As a result, these arms are more advanced, complex, and costly than those of most other suppliers of arms to the Third World. Aggressive promotion of foreign purchases of American weapons has not been the traditional policy of the U.S. Government. The U.S. Government, through various means, has also controlled and restricted transfers of U.S. weaponry to the Third World. But as the events surrounding the Kuwait crisis of 1990 demonstrated, the United States will make major sales of advanced arms to friendly Third World states whenever its Government believes that U.S. national interests are served by doing so.

The prestige of American weapons was enhanced by their apparently overwhelming success on the Gulf War battlefield. As a consequence, several Near Eastern countries have sought to purchase U.S. weapons in large quantities in the period since the war. Saudi Arabia continues to be the single largest arms client of the United States in the Third World, concluding roughly \$5.6 billion in arms transfer agreements in 1991, or nearly 40% of all U.S. Third World arms agreements in that year.

Reductions in domestic defense spending also continued in both major and minor arms supplying nations in Europe and elsewhere. At the same time, these nations attempted to maintain their traditional foreign arms sales programs. In most cases these supplier countries faced difficulties in concluding large new arms deals even though these nations have historically placed greater emphasis on foreign arms sales—in contrast to the United States—because of the importance of such exports to maintaining their respective defense industrial bases. Difficulties stemmed from significant reductions in demand for weapons from major clients and an overall increase in competition for available arms sales contracts.

Although the post-Cold War environment may have created a more acute need for many traditional arms supplying nations to sell conventional weapons to the Third World wherever

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possible, there are countervailing pressures against such sales. Many Third World countries, apart from oil rich states such as Saudi Arabia and Iran, lack large cash reserves and are thus dependent on securing some degree of credit from sellers in order to conclude major new arms purchases. Some leading arms suppliers may not be in a position to supply such credit, or may only be prepared to supply it to the most creditworthy customers. Some sellers may be willing to lower arms prices to secure a contract, but it seems clear that in most of those cases they will demand payment for such discounted sales. These circumstances suggest that most major suppliers may well focus their foreign arms sales activities on wealthier clients in the Near East and Asia. Most of the smaller arms suppliers are likely to compete successfully only for sales of medium and lower technology items to Third World states for whom the lowest price for a basic weapon system is the most critical consideration. The collective effect of these circumstances, however, may well be to dampen the overall level of the Third World arms trade.

Also working against future large increases in arms purchases by Third World nations is a growing debate within some international lending institutions about linking economic assistance to the reduction of defense expenditures by recipient nations. Such a linkage could, it is argued, reduce the prospect for additional military conflicts between developing nations while ensuring that greater levels of spending on needed social programs would occur in aid recipient countries. Institutions raising such concerns include the International Monetary Fund (IMF), the World Bank, and the U.N. Development Program. Some bilateral donors of economic assistance to Third World nations have recently indicated that they may condition such aid on the reduction of military spending by prospective recipients. At the same time, some donors note that arms supplying nations also have responsibilities not to stimulate unnecessary arms purchases by Third World countries. They argue that if developing countries are pressed to decrease defense expenditures then arms suppliers must not encourage new sales.

In the aftermath of the Gulf war, many called for dramatic new approaches to controlling conventional arms transfers, especially in the Near East region. Proponents saw this period as a notable opportunity to garner international support, especially among the major arms suppliers. British Prime Minister Major called for the establishment of an arms transfer register under the aegis of the U.N. Secretary General. French President Mitterrand called for an arms control initiative that was global in focus. Members of Congress endorsed arms control initiatives related to the Near East, and both Houses passed bills requiring an arms sales moratorium to the region pending a conference of the major arms suppliers.

A more direct effort at curtailing the size and nature of arms sales to the Near East region was launched in May 1991 by the Bush Administration. The focus for negotiations was on the five permanent members of the United Nations Security Council, the top five suppliers of arms to the Third World in 1991. Collectively these five nations *delivered* nearly \$16.7 billion in arms to the Third World in 1991, 90.7% of all arms deliveries made to the Third World by all suppliers. The Bush initiative sought to capitalize on the concerns raised by Iraq's massive arms buildup in the 1980s, which facilitated its invasion and temporary occupation of Kuwait. After a year of meetings and discussions among the five permanent members of the United Nations Security Council (the U.S., the United Kingdom, the Soviet Union, France, and China), the parties reached agreement on interim guidelines on transfers relating to weapons of mass destruction. These guidelines deal with chemical, biological, and nuclear weapons, but not missiles or the technology associated with them. It was initially hoped that these discussions might lead to agreement on a mechanism for the Permanent Five nations to notify one another in advance of their prospective arms sales to the Near East. It was also hoped that such an agreement might lead to on-going consultations among the Permanent Five, following such advance notifications, and possible curtailment of destabilizing arms sales to the Near East region. Agreement has not been reached on advance notifications regarding conventional weapons sales to this region, although additional meetings are planned on this and other unresolved issues.

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A number of members of the U.S. Congress have supported the Bush Administration's arms control initiative for the Near East. Others in Congress have also proposed a wide range of initiatives, some more extensive than that of the Administration, aimed at controlling the arms trade and the United States role in it. This takes place as the conventional arms marketplace proceeds through a major transitional period—one in which efforts continue to reconcile the economic interests of defense industries in key arms supplying nations with the competing policy objective of limiting destabilizing arms transfers to Third World states.

This report provides unclassified background data on transfers of conventional arms to the Third World by major suppliers for the period 1984 through 1991. It updates and revises the study entitled *Conventional Arms Transfers to the Third World, 1983-1990*, published by the Congressional Research Service (CRS) on August 2, 1991 (CRS Report 91-678F). The data in this new report completely supersede *all* data published in previous editions. Since various changes occur in the data from one edition of the report to the next, only those data in the most recent edition should be used. Comparisons of data in earlier editions with those in the most recent edition can result in significant computational errors.

## MAJOR FINDINGS

### *General Trends In Arms Transfers To The Third World*

The value of all arms transfer agreements with the Third World in 1991 was \$24.7 billion. This was by far the lowest yearly total for agreements with the Third World for any of the years during the 1984-1991 period, whether measured in nominal or real terms. The general decline in the value of new arms transfer *agreements* with the Third World seen in recent years was dramatically reversed in 1990 as the result of major new arms agreements related to the Gulf War. In 1991, however, the pattern of overall decline in the value of arms transfer agreements with the Third World resumed in an equally dramatic fashion (Table 1A).

At the same time, in 1991 the value of all arms *deliveries* to the Third World (\$18.4 billion) was the lowest total by a substantial margin for any year during the 1984-1991 period. This is the fourth consecutive year since 1987 that the value of all arms deliveries to the Third World dropped significantly from the previous year. This pattern reflects the impact of the end of the Iran-Iraq war and the winding down of other regional conflicts in the Third World (Table 2A). However, if most arms transfer agreements concluded with the Third World in 1990 and 1991 are fully implemented, then the total value of arms deliveries will increase in future years.

The Soviet Union and the United States have dominated the Third World arms market as the top two suppliers from 1984-1991. Collectively, the two superpowers accounted for 63 percent of all arms transfer agreements with and 59 percent, of all arms deliveries to the Third World during these years.

Most recently, from 1988-1991, the Third World arms market has been comprised of three tiers of suppliers. In the first tier are the United States and the Soviet Union whose positions far surpass those of all other arms suppliers to the Third World. In the second tier are France, the United Kingdom, and China whose positions are notably below those of the Soviet Union and the United States, but substantially above the positions of the remaining arms suppliers to the Third World. The five nations in the first two tiers have the means to supply the most advanced weapons systems to the Third World in quantity and on a continuing basis. In the third tier are both other European arms suppliers as well as suppliers—largely developing countries—that have generally been marginal and sporadic participants in the Third World arms trade. The names of countries in this third tier are likely to change over time, especially at its lower end, since some of these nations

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lack the means to be major suppliers of advanced military equipment on a sustained basis. Some of them, however, are capable of having an impact on potential conflicts within Third World regions because of their willingness to supply weapons based almost exclusively on commercial considerations, including types of weapons that other suppliers would refuse to provide (Tables 1F, 2F).

### *United States*

In 1991, the total value, in real terms, of U.S. arms transfer agreements with the Third World decreased from the previous year's total, falling from \$19.1 billion in 1990 to \$14.2 billion in 1991. Nonetheless, the 1991 level was significantly higher than any other year between 1984-1989. Further, for the second year in a row, the United States ranked first by a substantial margin in arms transfer agreements with the Third World. The U.S. share of the value of all such agreements was 57.4 percent in 1991, up from 44.3 percent in 1990 (Table 1A and 1B).

The United States' status as first in the value of arms transfer agreements with the Third World in 1991 is directly attributable to costly new orders from Saudi Arabia, South Korea, and Egypt. A substantial portion of the Saudi total was for expensive military support services, military vehicles, and bombs and missiles for Saudi fighter aircraft. Most of South Korea's total was related to its agreement for the purchase, co-assembly and licensed production of 120 F-16C/D fighter aircraft. Most of Egypt's total was due to its purchase of 46 F-16 C/D fighter aircraft. In 1991, the total values of the arms transfer agreements of Saudi Arabia, South Korea and Egypt with the United States were \$5.6 billion, \$2.9 billion and \$2.3 billion, respectively. These agreements collectively constituted 76 percent of all U.S. arms transfer agreements with the Third World in 1991. The value of the Saudi agreements with the United States alone exceeded the total value (\$5 billion) of all arms transfer agreements made by the Soviet Union with the entire Third World in the same year.

The signing of a few particularly large contracts for major weapons systems generally determines whether the total value of U.S. arms transfer agreements in any given year is high relative to other years. The Third World agreements figure for the United States in 1991 illustrates this point. The United States also made arms transfer agreements at extraordinary levels in 1990 (\$19.1 billion to the Third World, and \$14 billion to Saudi Arabia alone). In part due to these exceptional arms agreements totals in 1990 and 1991, the United States arms transfer agreements totals for 1988-1991 to the Near East region constituted 50 percent of all arms transfer agreements made by all suppliers to that region during these years.

### *Soviet Union*

The total value of the Soviet Union's agreements with the Third World fell dramatically, from \$11.8 billion in 1990 to \$5 billion in 1991. The Soviet Union's share of all Third World arms transfer agreements declined as well, falling from 27.2 percent in 1990 to 20.3 percent in 1991 (in constant 1991 dollars) (Tables 1A and 1B).

During the 1984-1991 period, Soviet arms transfer agreements with the Third World ranged from a high of \$29.8 billion in 1986 to a low of \$5 billion in 1991. Each year after 1986 Soviet arms transfer agreement totals have declined from those of the previous year. In the years after 1987, the Soviet Union has failed to register arms transfer agreements totals valued in excess of \$20 billion annually, a level achieved in each of the years 1984 through 1987. Like the United States, the total value of Soviet arms transfer agreements can be affected significantly by a decline or increase in a few large orders for major weapons systems.

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The Soviet Union has had long-standing supplier relationships with many of the leading purchasers of weapons in the Third World. The Soviet Union has provided these purchasers with a wide range of armaments from the highly sophisticated to the most basic, including a large quantity of munitions. It has also actively sought to export weapons as one means of gaining needed hard currency.

Due to the domestic economic problems it has encountered recently, as well as the Cold War's end, the Soviet Union has effectively terminated its grant military assistance program to most of its former key arms clients. At the same time, the Soviet Union has sought arms deals with countries such as Iran that can pay for weapons in hard currency or its equivalent. When one considers these facts, plus the loss by the Soviet Union of Iraq as a major arms purchaser, it is evident why the overall value of Soviet arms transfer agreements have dropped significantly recently, while the value of arms agreements with Iran, in particular, have increased. Among the weapons systems sold to Iran by the Soviet Union recently are MiG-29 fighter aircraft, T-72 main battle tanks, and Kilo class attack submarines. The Soviet Union has also begun an arms supplier relationship with China, making a sale in 1991 of 24 Su-27 fighter aircraft.

### *China*

In the 1980s, China emerged as an important supplier of arms to the Third World, in large measure due to agreements with Iran and Iraq. The value of China's agreements with the Third World peaked at nearly \$5.5 billion in 1987. China ranked fourth among all suppliers in the value of its arms transfer agreements with the Third World from 1988-1991. Yet in 1991 the value of China's arms transfer agreements with the Third World fell to \$300 million compared to \$2.2 billion in agreements in 1990. As a consequence, in 1991 China ranked eighth among all suppliers to the Third World (in constant 1991 dollars) (Tables 1A and 1F).

China's arms transfer agreements with the Third World fell sharply in 1991 because the Soviet Union displaced China as Iran's preferred arms supplier. Iraq, another important Chinese client, was barred from arms purchases by the U.N. embargo after August 1990. China also did not receive major new orders from other key clients such as Pakistan. Beyond the Near East region, China has not had many arms clients with large financial resources or major weapons purchasing programs, so any arms agreements with them would not greatly increase China's figures in 1991.

China may not be able to sustain its level of arms sales to the Near East region now that an embargo is in effect against Iraq, and Beijing faces stiff new competition from arms suppliers such as the former Soviet Union and European states that can provide more modern and sophisticated weaponry. Of continuing interest to certain Third World purchasers have been China's missiles and its willingness to sell them. In the latter half of the 1980s, China sold and delivered CSS-2 Intermediate Range Ballistic Missiles to Saudi Arabia, Silkworm anti-shipping missiles to Iran, and anti-tank and other surface-to-surface missiles to various Third World purchasers. Recently, China has stated that it would abide by the guidelines on missile transfers set out in the Missile Technology Control Regime (MTCR). Given China's need and desire to obtain hard currency, it seems prepared to pursue arms sales opportunities it deems appropriate wherever they present themselves. A key question continues to be whether China will agree to curtail all categories of its arms transfers to the Near East as part of an arms restraint regime led by the major suppliers.

### *Major West Europeans*

The four major West European suppliers (France, United Kingdom, Germany, and Italy) registered a decline in their collective share of all arms transfer agreements with the Third World in 1991, falling to 11.4 percent from 12.9 percent in 1990. Of these suppliers, France suffered a

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notable decline in the value of its agreements from \$3.3 billion in 1990 to \$400 million in 1991. The value of the United Kingdom's agreements increased from \$1.8 billion in 1990 to \$2 billion in 1991. Germany registered a slight increase in the value of its agreements from \$315 million in 1990 to \$400 million in 1991. Italy's Third World agreements in 1991 were effectively nil, falling from \$210 million in 1990 (in constant 1991 dollars) (Tables 1A, 1B).

Throughout the period from 1984-1991, the major West European suppliers, as a group, averaged about 17 percent of all arms transfer agreements with the Third World. Throughout the 1984-1991 period, individual suppliers within the major West European group have had exceptional years for arms agreements, such as France in 1984 (\$8.4 billion) and 1989 (\$4.1 billion), and the United Kingdom in 1985 (\$23.8 billion) (in constant 1991 dollars). Such totals have generally reflected the conclusion of a few large arms transfer agreements with a major Third World purchaser. Since 1987, the United Kingdom has had a steady increase each year in the value of its Third World agreements, helped by contracts with Saudi Arabia and other traditional British arms clients in the Near East and Asia (Tables 1A and 1B).

Because the four major West European suppliers produce both advanced and basic ground, air, and naval weapons systems, they have the capability to compete successfully with the United States, and in certain instances, with the Soviet Union, for arms sales contracts throughout the Third World. Because these major West European suppliers do not often tie their arms sales decisions to foreign policy considerations but essentially to economic ones, they have provided a viable alternative source of arms for nations to whom the United States will not sell for policy reasons. Generally strong government marketing support for foreign arms sales enhances the competitiveness of weapons produced by these major West European suppliers. But in the post-Cold War environment, individual West European suppliers may be hard pressed to secure large new Third World arms contracts and may choose to reduce or eliminate product areas in which they attempt to compete.

### *The Iran-Iraq Arms Market*

The trade in arms with Iran and Iraq was a significant element of the entire Third World arms market during the period 1984-1991. The war between these two nations created an urgent demand by both belligerents, throughout most of the 1980s, for conventional weapons of all kinds, from the least sophisticated battlefield consumables to more advanced combat vehicles, missiles, and aircraft. During their war, Iran and Iraq bought arms from both major and minor arms suppliers. Iran, in particular, was forced to try to circumvent a U.S.-led embargo on arms transfers to the warring countries. In the aftermath of the war, some arms-supplying nations continued to maintain a supply relationship with the combatants that had been forged during the war itself. Other suppliers sought to establish a new relationship where possible. Salient details of supplier relationships with Iran and Iraq are summarized below.

In the 1984-1987 period, the total value of arms transfer *agreements* with Iran and Iraq *collectively* by all suppliers constituted one-fifth (20.1 percent) (\$37.1 billion out of \$176.1 billion) of all arms transfer agreements by all suppliers with the Third World. However, in the 1988-1991 period, the total value of arms transfer *agreements* with Iran and Iraq *collectively* by all suppliers had fallen to only one-tenth (10.1 percent) (\$12.8 billion out of \$127.3 billion), showing the dramatic decline in this arms market most recently (in *current* dollars).

In the period from 1985-1991, which began with the conclusion of the Iran-Iraq war and ended with the Persian Gulf war—during which a significant portion of Iraq's military capability was destroyed—major changes in arms supply relationships with Iran and Iraq occurred. Most notably, the Soviet Union became Iran's principal supplier, concluding \$4.8 billion in arms transfer agreements during this period. This figure contrasts markedly with the nil Soviet figure



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for arms agreements with Iran during the 1984-1987 period. China was Iran's second leading arms supplier during the 1988-1991 period, making \$1.9 billion in agreements, down from its total of \$2.6 billion in agreements during the 1984-1987 period (in *current* dollars).

Other suppliers registered notable declines in their arms transfer agreements with Iran from the 1984-1987 period (when the Iran-Iraq war was at its height) to the 1988-1991 period. Iran's arms agreements with the four major West European suppliers as a group declined from \$1.2 billion in 1984-1987 to \$200 million in 1988-1991. The agreements of all other European suppliers collectively with Iran declined from over \$4.1 billion in 1984-1987 to about \$1.2 billion in 1988-1991. Arms agreements with Iran by all other suppliers as a group declined from \$2.2 billion in 1984-1987 to \$1.6 billion in 1988-1991 (in *current* dollars).

Iraq's \$3.1 billion arms agreements total for 1988-1991 with all suppliers contrasts dramatically with its arms agreements total for 1984-1987 of \$27 billion. It reflects the extent to which Iraq's arms purchasing program was curtailed by the embargo it suffered following its invasion of Kuwait. Of the 1988-1991 agreements total, \$700 million were agreements with China (Iraq's leading supplier), while only \$400 million in agreements were made with the Soviet Union. These figures reflect quite dramatic changes. Soviet agreements with Iraq in the period 1984-1987 were valued at \$15.4 billion—57 percent of all of Iraq's arms agreements for those years. China by contrast, made agreements with Iraq valued at \$1.6 billion during this earlier period (6 percent of Iraq's total). This sharp decline in the value of the Soviet Union's arms agreements with Iraq, its leading customer in the Third World through most of the 1980s, reflects both the slowing down of arms deals as the Iran-Iraq war ended and the impact of Soviet participation in the United Nations embargo against Iraq which began on August 6, 1990.

### *Leading Third World Arms Recipients*

Saudi Arabia has been, by a wide margin, the leading Third World arms purchaser from 1984-1991, making arms transfer *agreements* totaling \$67.7 billion during these years (in *current* dollars). In both the 1984-1987 and 1988-1991 periods, the value of its arms transfer agreements were consistently high (\$33.4 billion in 1984-1987 and \$34.3 billion in 1988-1991). The total value of all Third World arms transfer agreements from 1984-1991 was \$303.4 billion (in *current* dollars). Thus, Saudi Arabia alone was responsible for over one-fifth (22.3 percent) of all Third World arms transfer agreements during these eight years. In the most recent period—1988-1991—Saudi Arabia alone accounted for over one-fourth (26.9 percent) of all Third World arms transfer agreements (\$34.3 billion out of \$127.3 billion). Saudi Arabia ranked first among all Third World recipients in the value of arms transfer agreements in 1991, concluding \$7.8 billion in such agreements—31.6 percent of the total value of all arms transfer agreements with the Third World in 1991 (in *current* dollars) (Table 1J).

Eight of the ten leading Third World arms recipients—all principal customers of the Soviet Union—registered declines in the value of their arms transfer agreements from the 1984-1987 period to the 1988-1991 period. Cuba declined 100 percent (its agreements for 1988-1991 were nil); Iraq 88.5 percent, Syria 84.4 percent, Angola 48.5 percent, India 45.5 percent, and Vietnam 43.7 percent. These figures reflect the diminished financial support for these countries by the Soviet Union in the post-Cold War era. The one exception to this trend was Afghanistan, a major Soviet client, that more than tripled its arms transfer agreements from the earlier period. This figure reflects the Soviet program to heavily arm the Afghans from the time of their withdrawal in 1989 until the arms cutoff deadline of January 10, 1992 agreed to by the Soviet Union and the United States as part of the arrangement concluding the Afghan war. Egypt, a major U.S. customer, had the second largest increase with 42.6 percent (Table 1J).

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Despite large decreases in the values of their arms transfer *agreements* from 1984-1987 to 1988-1991, the top ten Third World recipient nations in both time periods accounted for the major portion of the total Third World arms market. During 1984-1987 the top ten collectively accounted for 71.9 percent of *all* Third World arms transfer agreements. During 1988-1991 the top ten collectively accounted for 70.9 percent of all such agreements. Between 1984-1991 the top ten nations collectively made 71.5 percent of all arms transfer agreements in the Third World (\$217 billion out of \$303.4 billion) (in *current* dollars)(Table 1J).

The United States was the major supplier to six of the top ten recipients of arms transfer agreements in 1991. These leading recipients were Saudi Arabia, South Korea, Egypt, Thailand, United Arab Emirates, and Kuwait.

Eight of the top ten Third World arms recipients registered declines in the values of their arms *deliveries* from 1984-1987 to 1988-1991. Most declines were substantial.

Saudi Arabia was by far the leading recipient of arms in the Third World in 1991, receiving \$7.1 billion in *deliveries*. The Saudis alone received over 38.6 percent of the total value of all arms deliveries to the Third World in 1991.

### ***Recent Weapons Deliveries to the Third World***

Regional weapons *delivery* data reflect the diverse sources of supply of conventional weaponry available to Third World nations. Even though the Soviet Union, the United States, and the four major West European suppliers dominate in the delivery of the fourteen classes of weapons examined, it is also evident that the other European suppliers, and non-European suppliers, including China, are fully capable of providing a wide-range of conventional armaments to nearly any country in the Third World should they chose to do so (Table 3).

Weapons deliveries to the Near East, the largest purchasing region in the Third World, reflect the substantial quantities and types delivered by both major and lesser suppliers. The following is a summary of weapons deliveries for this region for the period 1988-1991:

#### **Soviet Union**

- 885 tanks and self-propelled guns
- 605 artillery pieces
- 605 APCs and armored cars
- 3 major surface combatants
- 1 submarine
- 340 supersonic combat aircraft
- 230 helicopters
- 1,480 surface-to-air missiles (SAMs)
- 125 surface-to-surface missiles
- 165 anti-shipping missiles

#### **United States**

- 415 tanks and self-propelled guns
- 598 APCs and armored cars
- 36 supersonic combat aircraft
- 1,061 surface-to-air missiles (SAMs)

#### **China**

- 1,135 artillery pieces
- 20 supersonic combat aircraft

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- 205 surface-to-air missiles (SAMs)
  - 240 surface-to-surface missiles
  - 150 anti-shipping missiles

**Major West European suppliers**

- 1 major surface combatant
- 110 supersonic combat aircraft
- 105 anti-shipping missiles

**All other European suppliers**

- 315 tanks and self-propelled guns
- 875 APCs and armored cars

**All other suppliers**

- 1 submarine
- 1,200 surface-to-air missiles (SAMs)
- 265 surface-to-surface missiles

***Special Notes***

1. **Constant 1991 Dollars.** Throughout this report values of arms transfer agreements and values of arms deliveries for all suppliers are expressed in U.S. dollars. Values for any given year generally reflect the exchange rates that prevailed during that specific year. In many instances, the report converts these dollar amounts (current dollars) into constant 1991 dollars. Although this helps to eliminate the distorting effects of inflation to permit a more accurate comparison of various dollar levels over time, the effects of fluctuating exchange rates are not necessarily neutralized. The deflators used for the constant dollar calculations in this report are those provided by the Department of Defense. Because all regional data tables must be composed of four-year aggregate dollar totals (1984-1987 and 1988-1991), they must be expressed in current dollar terms. Where tables rank leading arms suppliers to the Third World or leading Third World recipients using four-year aggregate dollar totals, these values must also be expressed in current dollars. Unless otherwise noted in the report, all dollar values are stated in constant terms.

2. **Definition of the Third World.** The Third World category includes all countries *except* the United States, the Soviet Union, Europe, Canada, Japan, Australia and New Zealand. All data are for the *calendar* year given, except for the U.S. MAP (Military Assistance Program) and IMET (International Military Education and Training) program data in the *agreements* table, which are included for the particular *fiscal* year. All Foreign Military Sales (FMS) *construction* sales and deliveries are *included* in the U.S. values totals.

3. **United States Commercial Arms Exports Excluded.** U.S. *commercial* sales and deliveries data are *excluded*. This is done, in part, because the U.S. Foreign Military Sales (FMS) program accounts for the largest portion of U.S. conventional arms transfer agreements and deliveries. Further, the data maintained on U.S. commercial sales agreements and deliveries are significantly incomplete and are less precise than that for the FMS program. There are no *commercial agreement* data comparable to that for the FMS program maintained on an annual basis. Annual *commercial deliveries* data are obtained from shipper's export documents and completed licenses returned from ports of exit by the U.S. Customs Service to the Office of Defense Trade Controls (PM/DTC) of the State Department, which makes the final compilation. This approach to obtaining commercial deliveries data is less systematic than that taken by the Department of Defense for government-to-government transactions.

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The *rank* of the United States in any *calendar* year from 1984-1991 has possibly been affected once—in 1991—by exclusion of the existing data on U.S. commercial arms *deliveries* to the Third World. Since the total values of all U.S. deliveries are understated somewhat by exclusion of commercial arms deliveries figures, those commercial data are provided here to complete this portion of the available record. The values of U.S. commercial arms deliveries to the Third World for *fiscal* years 1983-1990, according to the State Department were as follows:

FY 1984	\$1,465,604
FY 1985	\$2,017,839
FY 1986	\$1,609,142
FY 1987	\$2,401,662
FY 1988	\$3,373,397
FY 1989	\$2,537,969
FY 1990	\$1,554,539
FY 1991	\$1,346,346

[In thousands of current U.S. dollars]

**TABLE 1A**  
**ARMS TRANSFER AGREEMENTS WITH THE THIRD WORLD, BY SUPPLIER,**  
**1984-1991**  
(In millions of constant 1991 U.S. dollars)

	1984	1985	1986	1987	1988	1989	1990	1991	1984-91
United States	8,242	5,903	4,113	6,095	9,815	8,225	19,109	14,161	75,663
Soviet Union	27,399	21,095	29,818	23,771	14,048	12,430	11,754	5,000	145,315
France	8,361	1,850	1,563	3,729	1,461	4,107	3,253	400	24,724
United Kingdom	900	23,810	1,082	583	1,011	1,189	1,784	2,000	32,359
China	386	1,727	2,164	5,477	2,360	1,729	2,204	300	16,347
Germany	1,029	247	601	932	225	973	315	400	4,722
Italy	900	1,604	721	233	225	324	210	0	4,217
All other									
European	4,245	5,058	8,657	2,680	2,135	2,162	2,519	1,500	28,956
All others	2,315	2,344	3,006	2,797	3,484	1,946	1,994	900	18,786
<b>TOTAL</b>	<b>53,778</b>	<b>63,638</b>	<b>51,727</b>	<b>46,296</b>	<b>34,764</b>	<b>33,085</b>	<b>43,141</b>	<b>24,661</b>	<b>351,090</b>

**TABLE 1B**  
**ARMS TRANSFER AGREEMENTS WITH THE THIRD WORLD, BY SUPPLIER,**  
**1984-1991**  
(Expressed as a percent of total, by year)

	1984	1985	1986	1987	1988	1989	1990	1991
United States	15.33%	9.28%	7.95%	13.17%	28.23%	24.86%	44.29%	57.42%
Soviet Union	50.95%	33.15%	57.65%	51.35%	40.41%	37.57%	27.24%	20.27%
France	15.55%	2.91%	3.02%	8.05%	4.20%	12.41%	7.54%	1.62%
United Kingdom	1.67%	37.41%	2.09%	1.26%	2.91%	3.59%	4.14%	8.11%
China	0.72%	2.71%	4.18%	11.83%	6.79%	5.23%	5.11%	1.22%
Germany	1.91%	0.39%	1.16%	2.01%	0.65%	2.94%	0.73%	1.62%
Italy	1.67%	2.52%	1.39%	0.50%	0.65%	0.98%	0.49%	0.00%
All Other								
European	7.89%	7.95%	16.74%	5.79%	6.14%	6.53%	5.84%	6.08%
All Others	4.31%	3.68%	5.81%	6.04%	10.02%	5.88%	4.62%	3.65%
(Major West European)*	20.81%	43.23%	7.67%	11.83%	8.41%	19.93%	12.89%	11.35%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

\*Major West European category includes France, United Kingdom, Germany, and Italy.

**TABLE 2A**  
**ARMS DELIVERIES TO THE THIRD WORLD, BY SUPPLIER,**  
**1984-1991**  
(In millions of constant 1991 dollars)

	1984	1985	1986	1987	1988	1989	1990	1991	1984-91
United States	7,170	6,596	7,260	8,168	5,136	3,784	5,438	5,365	48,917
Soviet Union	20,839	16,778	20,079	21,324	21,578	18,807	13,328	6,400	139,133
France	7,203	8,142	4,569	2,564	1,124	1,189	3,883	1,000	29,674
United Kingdom	1,672	1,357	2,886	4,195	4,046	4,323	3,883	3,000	25,362
China	2,701	864	1,563	2,447	3,259	2,378	1,469	900	15,581
Germany	3,216	864	481	699	674	324	105	600	6,963
Italy	1,672	1,357	721	466	337	108	105	0	4,766
All Other									
European	6,818	6,168	4,569	4,661	3,709	2,054	1,259	500	29,738
All others	4,502	2,591	2,044	3,612	3,933	2,378	1,154	600	20,814
<b>TOTAL</b>	<b>55,794</b>	<b>44,716</b>	<b>44,172</b>	<b>48,136</b>	<b>43,796</b>	<b>35,345</b>	<b>30,624</b>	<b>18,365</b>	<b>320,948</b>

**TABLE 2B**  
**ARMS DELIVERIES TO THE THIRD WORLD, BY SUPPLIER,**  
**1984-1991**  
(Expressed as a percent of total, by year)

	1984	1985	1986	1987	1988	1989	1990	1991
United States	12.85%	14.75%	16.44%	16.97%	11.73%	10.71%	17.76%	29.21%
Soviet Union	37.35%	37.52%	45.46%	44.30%	49.27%	53.21%	43.52%	34.85%
France	12.91%	18.21%	10.34%	5.33%	2.57%	3.36%	12.68%	5.45%
United Kingdom	3.00%	3.03%	6.53%	8.71%	9.24%	12.23%	12.68%	16.34%
China	4.84%	1.93%	3.54%	5.08%	7.44%	6.73%	4.80%	4.90%
Germany	5.76%	1.93%	1.09%	1.45%	1.54%	0.92%	0.34%	3.27%
Italy	3.00%	3.03%	1.63%	0.97%	0.77%	0.31%	0.34%	0.00%
All Other								
European	12.22%	13.79%	10.34%	9.68%	8.47%	5.81%	4.11%	2.72%
All Others	8.07%	5.79%	4.63%	7.50%	8.98%	6.73%	3.77%	3.27%
(Major West European)*	24.67%	26.21%	19.60%	16.46%	14.11%	16.82%	26.04%	25.05%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

\*Major West European category includes France, United Kingdom, Germany, and Italy.

**TABLE 1F**  
**ARMS TRANSFER AGREEMENTS WITH THE THIRD WORLD, 1984-1991:**  
**LEADING SUPPLIERS COMPARED\***  
(In millions of current U.S. dollars)

<b>Rank</b>	<b>Supplier</b>	<b>Agreements Value 1984-1987</b>
1	U.S.S.R.	83,500
2	U.K.	21,400
3	U.S.	19,844
4	France	12,500
5	China	8,200
6	Italy	2,800
7	Poland	2,600
8	Czechoslovakia	2,400
9	Germany (FRG)	2,300
10	Spain	2,100
11	Brazil	1,800

<b>Rank</b>	<b>Supplier</b>	<b>Agreements Value 1988-1991</b>
1	U.S.	48,714
2	U.S.S.R.	40,200
3	France	8,600
4	China	6,100
5	U.K.	5,700
6	North Korea	1,800
7	Germany (Unified & FRG)	1,800
8	Switzerland	1,500
9	Spain	1,200
10	Yugoslavia	1,100
11	Czechoslovakia	900

<b>Rank</b>	<b>Supplier</b>	<b>Agreements Value 1984-1991</b>
1	U.S.S.R.	123,700
2	U.S.	68,558
3	U.K.	27,100
4	France	21,100
5	China	14,300
6	Germany	4,100
7	Italy	3,500
8	Czechoslovakia	3,400
9	North Korea	3,300
10	Spain	3,300
11	Poland	2,900

\* All foreign data are rounded to the nearest \$100 million. Where foreign data totals are the same, the actual rank order is maintained.

Source: U.S. Government

**TABLE 2F**  
**ARMS TRANSFER DELIVERIES TO THE THIRD WORLD, 1984-1991:**  
**LEADING SUPPLIERS COMPARED\***  
(In millions of current U.S. dollars)

<b>Rank</b>	<b>Supplier</b>	<b>Deliveries Value 1984-1987</b>
1	U.S.S.R.	64,800
2	U.S.	23,970
3	France	18,200
4	U.K.	8,400
5	China	6,200
6	Germany (FRG)	4,200
7	Italy	3,400
8	Czechoslovakia	2,600
9	Spain	2,500
10	Brazil	1,900
11	Israel	1,900

<b>Rank</b>	<b>Supplier</b>	<b>Deliveries Value 1988-1991</b>
1	U.S.S.R.	55,800
2	U.S.	18,618
3	U.K.	14,300
4	China	7,400
5	France	6,800
6	Germany (Unified & FRG)	1,600
7	North Korea	1,400
8	Israel	1,200
9	Poland	1,100
10	Sweden	1,000
11	Czechoslovakia	900

<b>Rank</b>	<b>Supplier</b>	<b>Deliveries Value 1984-1991</b>
1	U.S.S.R.	120,500
2	U.S.	42,588
3	France	25,000
4	U.K.	22,700
5	China	13,600
6	Germany	5,800
7	Italy	3,900
8	Czechoslovakia	3,500
9	Spain	3,300
10	Israel	3,100
11	North Korea	3,000

\* All foreign data are rounded to the nearest \$100 million. Where foreign data totals are the same, the actual rank order is maintained.

Source: U.S. Government



**TABLE 1J**  
**ARMS TRANSFER DELIVERIES TO THE THIRD WORLD, 1984-1991:**  
**AGREEMENTS WITH THE LEADING RECIPIENTS**  
(In millions of current U.S. dollars)\*

<b>Rank</b>	<b>Recipient</b>	<b>Agreements Value 1984-1987</b>
1	Saudi Arabia	33,400
2	Iraq	27,000
3	Cuba	11,900
4	Syria	10,900
5	India	10,100
6	Iran	10,100
7	Vietnam	7,100
8	Angola	6,600
9	Egypt	5,400
10	Libya	4,200

<b>Rank</b>	<b>Recipient</b>	<b>Agreements Value 1988-1991</b>
1	Saudi Arabia	34,300
2	Afghanistan	11,500
3	Iran	9,700
4	Egypt	7,700
5	India	5,500
6	South Korea	5,300
7	Kuwait	4,800
8	Vietnam	4,000
9	Pakistan	3,900
10	Libya	3,600

<b>Rank</b>	<b>Recipient</b>	<b>Agreements Value 1984-1991</b>
1	Saudi Arabia	67,700
2	Iraq	30,100
3	Iran	19,800
4	India	15,600
5	Afghanistan	14,700
6	Egypt	13,100
7	Syria	12,600
8	Cuba	11,900
9	Vietnam	11,100
10	Angola	10,000

\* All foreign data are rounded to the nearest \$100 million. Where foreign data totals are the same, the actual rank order is maintained.

Source: U.S. Government

**TABLE 3**  
**Number of Weapons Delivered by Major Suppliers**  
**to the Third World\***

<u>Weapons Category</u>	<u>U.S.</u>	<u>U.S.S.R.</u>	<u>China</u>	<u>Major Western**</u>	<u>All Other</u>	<u>All</u>
<u>1984-1987</u>				<u>European</u>	<u>European</u>	<u>Others</u>
Tanks and Self-Propelled Guns	892	2850	1200	250	880	185
Artillery	992	3820	1540	3360	3510	1390
APCs and Armored Cars	1202	6020	1170	890	1935	985
Major Surface Combatants	1	21	2	37	6	8
Minor Surface Combatants	11	95	12	65	81	140
Guided Missile Boats	0	5	10	11	0	0
Submarines	0	7	2	9	0	1
Supersonic Combat Aircraft	162	890	50	175	0	26
Subsonic Combat Aircraft	74	95	45	75	0	6
Other Aircraft	207	360	30	235	355	240
Helicopters	187	745	0	390	43	75
Surface-to-Air Missiles	1765	14110	530	2385	5800	40
Surface-to-Surface Missiles	0	710	10	0	0	85
Anti-Shipping Missiles	58	445	325	880	0	0
<u>1988-1991</u>						
Tanks and Self-Propelled Guns	615	3660	100	0	445	295
Artillery	316	1405	1580	100	594	905
APCs and Armored Cars	777	5495	395	100	905	395
Major Surface Combatants	0	13	3	8	0	9
Minor Surface Combatants	7	45	22	84	23	90
Guided Missile Boats	0	0	5	5	0	2
Submarines	0	8	0	3	0	2
Supersonic Combat Aircraft	206	595	150	110	1	160
Subsonic Combat Aircraft	82	85	35	60	0	10
Other Aircraft	126	170	42	45	165	116
Helicopters	92	575	0	145	90	40
Surface-to-Air Missiles	2092	6350	505	705	150	1455
Surface-to-Surface Missiles	0	1780	270	0	0	265
Anti-Shipping Missiles	0	475	150	185	0	5
<u>1984-1991</u>						
Tanks and Self-Propelled Guns	1507	6510	1300	250	1325	480
Artillery	1308	5225	3120	3460	4104	2295
APCs and Armored Cars	1979	11515	1565	990	2840	1380
Major Surface Combatants	1	34	5	45	6	17
Minor Surface Combatants	18	140	34	149	104	230
Guided Missile Boats	0	5	15	16	0	2
Submarines	0	15	2	12	0	3
Supersonic Combat Aircraft	368	1485	200	285	1	186
Subsonic Combat Aircraft	156	180	80	135	0	16
Other Aircraft	333	530	72	280	520	356
Helicopters	279	1320	0	535	133	115
Surface-to-Air Missiles	3857	20460	1035	3090	5950	1495
Surface-to-Surface Missiles	0	2490	280	0	0	350
Anti-Shipping Missiles	58	920	475	1065	0	5

\* Third world category excludes Europe, the United States, U.S.S.R., Canada, Japan, Australia, and New Zealand.

\*\* Major Western European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure.

**Source:** U.S. Government